

# EXPAT WORLD REPORT

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## FINANCIAL PRIVACY YOU AIN'T GOT NONE!

### A FREE REPORT BROUGHT TO YOU BY THE BUREAUCRAT BUSTERS AT EXPAT WORLD

Trying to go about life while maintaining financial privacy is a lost battle for most Americans as well as others in developed countries around the world. Thank God for 3rd world countries! As we have said in previous issues of EW, U.S. Common Law defines no expectation of financial privacy. Indeed, it may constitute money laundering for US persons to seek financial privacy and/or protect their assets from the government..

The following remarks by EW are for informational purposes only and are written for Americans but may well apply in many other countries. As always, the newsletter does not endorse any asset protection scheme that requires conduct that could be defined as criminal. Its brevity is intentional for the full text of these "rules" takes volumes. For persons who do not wish to do business with the State, options are limited, none are perfect, some may be closed down but the clever rascal can still do business without the State being privy. That said, let's get on with:

## CASH

It remains possible to conduct private financial transactions using cash. Yet as EW said earlier in our FinCEN article it is a crime to use cash to avoid FinCEN. Certain transactions subject to the U.S. Bank Secrecy Act must be reported to the IRS, Treasury and/or Customs Department. A transaction of two or more related transactions exceeding \$10,000 in cash (and in certain cases, other monetary instruments) is reportable. Any declaration that separate transactions are related makes them treated as a single transaction. Two significant exceptions to cash reporting apply. The General Instructions for IRS Currency Transaction Reporting Form 8300 for trade and business, "Exceptions," state:

Cash is not required to be reported if it is received ... in a transaction that occurs entirely outside the United States ... [or] in a transaction that is not in the course of a person's trade or business. An example of this "not in the course of a person's trade or business " is: if you own a flower shop and you sell your automobile for more than \$10,000 in cash, you would not submit a form 8300 for that transaction. Therefore cash transactions of any size between parties not engaged in "trade or business" appear non-reportable.

## FUNDING

Moving money internationally usually leaves a "paper trail" and is not private. BUT once funds are abroad they may be reclaimed with MUCH greater privacy. Why do you think the US doesn't publicize or encourage US citizens to have a foreign bank account although it is perfectly legal for them to do so!

Small amounts of cash and monetary instruments may be moved privately across U.S. bor-

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ders. U.S. law requires any person transporting, causing to transport, or mailing more than \$10,000 in cash or certain cash equivalents, or an equivalent amount of foreign currency, across a U.S. border to declare that fact on Customs Form 4790, "Report of International Transportation of Currency or Monetary Instruments."

While making an unrelated series of such transactions, each \$10,000 may not constitute "structuring" under the Bank Secrecy Act. This limit makes relocating assets in this manner impractical or requiring the patience of Job. It should be noted that transfer of funds through normal banking procedures of amounts over \$10,000, which does not involve physical transportation of currency or monetary instruments does not require it being reported by you manually (the bank will do this automatically with or without your consent).

## MONETARY INSTRUMENTS

These are: coin or currency of the United States or of any other country, travelers' checks, money orders, investment securities in bearer form or otherwise in such form that title thereto passes upon delivery, and negotiable instruments (except warehouse receipts and bills of lading) in bearer form or in such form that title thereto passes upon delivery.

U.S. Customs strictly enforces these reporting provisions. Customs may seize all unreported cash or cash equivalents, including the balance of monies under the reporting limit. *United States v. \$11,580*, 454 F.Supp.376 (M.D. Fla. 1978).

Many foreign recipients will not accept cash payments from unknown person and may be required to notify government authorities when cash is received. (No worry here mate! - EW) When moving money, it is best to avoid U.S. \$100s. Counterfeit \$100s are widespread, including the newest series with the enlarged portrait. Some hotels, banks and merchants outside the United States refuse \$100s. Use \$50s or smaller denominations or another currency. (Singapore dollars has S\$5000 notes readily available (+\$3000 USD equivalent) which make transporting physical cash a lot less bulky) "Monetary instruments" that do not require reporting are: bank checks, travel-

ers' checks and money orders made payable to the order of a named person, which have not been endorsed or which bear restrictive endorsements. A restrictive endorsement is one where a third-party payee is named in the endorsement. The third-party payee may or may not be willing to accept such payment. A check made payable directly to a foreign recipient will eventually "disappear" in the sense that the paper or electronic trail ages. However, banks in all jurisdictions keep records of cleared checks, and a trail is also created through the clearing process. Certain valuables can be used to transport wealth internationally. For instance, numismatic coins and jewelry are not monetary instruments. Once removed from domestic jurisdiction, the valuables may be stored for safekeeping or converted to cash and/or securities. US gold coins like the \$20 gold piece are still legal tender and are valued at \$20 as such, but in the "real" world they sell for + \$500. Accounts receivable can be marketed internationally and funds paid conveyed to a foreign recipient. Names of companies willing to purchase receivables at a discount (factoring companies) are published in sources such as *The International Herald Tribune* and *the Financial Times of London* among others.

All cash U.S. dollar transactions, wherever they occur, clear through the US Federal Reserve. Therefore foreign investments denominated in currencies other than US dollars effectively avoid U.S. in rem jurisdiction.

The mere transfer to or through a U.S. bank of the alleged proceeds of a crime or property deemed to facilitate a crime may subject the entire transfer to confiscation. This is true even if neither sender nor recipient are subject to US jurisdiction and the seized funds represent the proceeds of activity outside US territorial jurisdiction. *United States v. Daccaret*, 6.F.3d 37 (2d Cir.1993).

A debit card drawn on a non-U.S. financial institution and settled with offshore monies is one of the best ways to move money without a paper trail especially if the debit card is associated with an anonymous secret account. This CAN be had - ask for info on *Expat World's "Lifeline anonymous ATM card!"*

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## NON- REPORTABLE FOREIGN INVESTMENTS

U.S. law requires U.S. persons holding more than \$10,000 in "foreign financial accounts" to report their presence on Schedule B, line 11a of their federal income tax return, and file a separate information return to Treasury. Schedule B must be completed for the purpose of reporting foreign accounts, even if interest and dividend income is less than the threshold for completing it. "Willful" non-compliance may result in criminal prosecution. Treasury Form TD F 90-22. 1, the "Foreign Bank Account Reporting Form" is submitted to a Treasury Department intelligence center in Detroit and conveyed to FinCEN. Instructions for this form read, in part:

Who Must File a Report? Each United States person with interest in or signature authority or other authority over bank, securities or other financial accounts in a foreign country, which exceeds gate value (\$10,000) at any time during the calendar year, must report each calendar year by filing Form TD F 90-22.1 with the Treasury on or before June 30, of the succeeding year...F.. Bank, Financial Account. The term "bank account" means a saving, demand, checking, deposit, loan, or any other account maintained with a financial institution or other person engaged in the business of banking. It includes certificates of deposit. The term "securities account" means an account maintained with a financial institution or other person who buys, sells, holds or trades stock or other securities for the benefit of another. The head of the IRS International Compliance Office has stated that tax returns indicating foreign transactions are always reviewed to determine if they warrant further investigation.

## EXCLUDED FROM REPORTING

Several types of investments and holdings appear to be excluded from reporting if they are purchased without opening a "bank, securities, or other financial account" or using such an account to maintain custody. They include (1) real estate; (2) safekeeping arrangements; (3) insurance policies; and (4) securities. However, even a mere

book entry in a foreign corporation is an "other financial account" within the meaning of Instruction F if the foreign entity transmits or disperses funds or otherwise functions as a bank on behalf of the holder of the account. *United States v. Clines*, 958 F. 2d 1182 (11th Cir. 1992). Real estate. A U.S. person's holdings of real property in a foreign country are not a "foreign bank, securities, or other financial account" as define in the instructions for Schedule B of IRS Form 1040 or Treasury Form TD F 90-22. Safekeeping. Valuables or documents purchased outside the United States and placed directly into a non-U.S. safety deposit box or private vault likewise do not constitute a "foreign bank, securities, or other financial account." Safety deposit boxes are available at many foreign banks. Opening an account may be required to rent one. (not always, EW note). Such an account may become known to global intelligence agencies such as FinCEN. To avoid having to personally visit the box each time valuables are to be added or removed, the boxholder may give an attorney or other trusted intermediary a limited Power of Attorney or other legal authority to perform this function.

Non-bank safekeeping is also available in many jurisdictions. Such depositories, not being financial institutions, are subject to fewer record keeping and disclosure requirements. Some vaults permit anonymous safekeeping arrangements. Insurance contracts. Foreign insurance policies do not appear to be "foreign bank, securities, or other financial accounts" and are thus apparently exempted from annual reporting by U.S. persons. However, U.S. persons purchasing foreign insurance contracts must make a one-time filing of IRS Form 720 and pay a one-percent excise tax. Under U.S. law, income accumulating within a life insurance contract, single-premium or variable annuity is tax-deferred and non-reportable. Right now this is a big loophole to keeping some of your financial privacy Foreign annuity contracts may be held in a U.S. retirement plan. A domestic retirement annuity may be rolled over into a foreign annuity in a tax-free exchange. The annuity certificate must remain in the United States. This makes the contract subject to U.S. in rem jurisdiction and essentially eliminates

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its privacy and features. A properly worded contract may make it possible to deal with this problem if a receptive U.S. custodian can be found. Securities. Foreign stocks, bonds, or other securities purchased directly from a foreign issuer, without opening an account, do not appear to be reportable by a U.S. person as a "foreign bank, securities, or other financial account." Bearer securities are private. An issuer will recognize the physical possession of its bearer securities as their owner without further inquiry. Non-dividend paying bearer shares and zero-coupon bonds, shares or coupons appear to not need be reported. Bearer shares or bonds at more than \$10,000 must be declared at U.S. borders.

## KEEP THEM STUPID

The US government's position, surely denied if asked, is that they don't want the general public to know about doing their private financial business overseas. They do this by establishing a slew of US laws that hinder foreign fund managers. No law prohibits U.S. investors from buying foreign securities, but managers of most foreign mutual funds discourage direct investment by US persons to avoid U.S. jurisdiction. However, no U.S. jurisdiction is established if an offshore firm merely answers an unsolicited inquiry or accepts an unsolicited investment. Inquiries made from non-U.S. addresses and from non-U.S. entities (e.g., foreign corporations) often receive more favorable consideration. There you go readers. They are the rules and regulations one has to play by if one wants to keep from being a criminal in the eyes of Big Brother. One area we left out is the use of an asset protection trust for financial privacy. We will do that another day.

## AN EVERYDAY JOE'S ESSAY ON TAXES, PRIVACY, LAW- SUITS, AND FREEDOM

Few causes raise the ire of those so inclined as the issues of taxes, privacy, lawsuits, and freedom, except perhaps sex. There are lots of people with opinions about what you can do about them. Unfortunately, their opinions are like those

posterior orifices; everybody has one. This message falls into the same category. Taxes -- Not many people like paying them. Most people probably feel they should be paying less. Most people probably would like a little more apparent control over where they're spent. Some people feel that the term "IRS" is a four letter word. There's a worn out statement that goes "There's no sure thing but death and taxes." Well, that's partly true. What can you do about it if you don't like paying quite as much as our dear Uncle Sammy would have you pay? Here's a few possibilities:

a. Do nothing. After all, if you're a regular Joe Lunch-bucket your employer withholds your taxes, maybe you're not married, you don't have any kids, you rent, and besides, you can't fight city hall.

b. Send some after-tax money to a tax reform group and hope they don't spend it all on executive salaries and administrative expenses before it actually does any good.

c. Hire an accountant or tax attorney and hope he can come up with some "creative" ways for you to skirt the edges. If you get audited, you may just have to pay some of the back taxes - if you're lucky. If you're not lucky you might wind up testifying in front of a Congressional Committee conducting hearings into alleged IRS abuses of cooperative taxpayers. If you fall into the category of those that feel "I hate those expletive deleted, expletive deleted, expletive deleted and I wouldn't piss on them if they were on fire!" you can:

d. Start reading anything and everything you can about the tax code and the law. You find a way to work for yourself. Three years later, you'll come to the conclusion that the IRS is a complete and total fraud of a magnitude never before seen on earth. You learn that they're really unregistered foreign agents, that they really aren't an agency of your government, and that your tax dollars are being used to facilitate the rape of third world resources through the agreements with the Agency for International Development and the IMF. Your disgusted! Your next step might be to stop filing. Three years after that you start getting nasty-grams from some cretin who can't even spell your name correctly ordering you into some

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sort of "administrative hearing" which is really a de facto court. A Mexican stand-off ensues where you ask them to show you the law that makes you "liable" and they proceed to ignore you since there isn't any such law. You write letter after letter, all of which they refuse to acknowledge. One day a letter arrives saying that a "Notice of Levy" (which you know is bogus) has been filed with the county recorder's office on your house - if you're lucky. Since you know that the judge who's going to preside over the issue gets a percentage of whatever the state can steal from you, and he's not interested in having you teach anyone else how to cut into his retirement fund, he's not exactly going to have an incentive to be fair and let you present your case. Since you know that the IRS doesn't even obey their own law, much less what's Constitutional, you fully expect that since you make a tidy buck (and therefore they're drooling over the prospect of getting it - ALL OF IT) some day soon they're going to send down a squad of armor-plated, machine gun totting Ninjas to raid your house in the middle of the night. Maybe when they kick in your bedroom door at 4 am (unannounced, of course) you won't have time to reach for your pistol or shotgun and they won't be able to justify splattering you all over the wall in a hail of gunfire coming from a half dozen H&K MPS's and M-16's. That doesn't mean they wouldn't do it, it just means that they'd have to lie about it and then make sure your wife was sufficiently terrorized and broke so she wouldn't testify - which isn't that hard to do since they "steal" everything you worked hard for all your life, leaving your unfortunate widow with nothing but her wits to fall back on. If you tried to shoot them the consequences would be: "Illegal tax protester killed while firing on IRS agents - Details at 11! The public yawwwns ...

e. You can learn what Rockefeller does to keep from paying taxes on his money and then do what he does. Not very easy to do since he doesn't sit around the bar talking about how he rigged the system so you fork over 40% of your money in taxes and he doesn't.

f. Figure out a way to make so much money that even if they steal 75% of it, you'll still be comfortable.

g. Write your Congress BureauRat. Hold your breath for him to do something about the problem. Privacy -- What privacy? The Social Security Administration has a policy in place to have your children "enumerated" at birth- sometimes before! There's no law requiring you to get a SSN for your kid or to have one as an adult for that matter, but if you fall into categories (a) to (g) above, it gets very expensive not to. Once you get that number it's like a persistent sexually transmitted disease. Even if you don't see it every day, it's ALWAYS there and there's no way to get rid of it. Periodically it reappears and you have to pay somebody to make it go away, temporarily.

Government and corporate pimps like the IRS, credit bureaus, and the Department of Motor Vehicles then use that number to track you and everything you do from cradle to grave. Even a DUMB P.I. can get more information on you than you ever imagined. YOU ARE AN OPEN BOOK.

There are already 2 or 3 states requiring FINGERPRINTS for driver's licenses. All of them are required to issue you a biometrically encoded, secure identification card in the next several years. You won't be able to get a job without one. This is federal law, folks, not the ruminations of a conspiracy nut. Have you tried to open even a non-interest bearing checking account lately? The bank wants a SSN even though there's NO requirement for that type of account. Why? Ever tried to get a few money orders that exceed \$3000 to pay for that new computer? Expect to fill out a federal currency transaction report. It's now illegal to carry out your affairs in non-traceable cash - even if you worked a legitimate job to get it and paid every nickel of tax due on it - in advance. By the way, don't buy a cash ticket to Miami to buy that 68 Mustang you've always wanted. You'll be relieved of the burden of carrying the \$10 grand you saved up to purchase the Mustang before you get on the plane. Later, you'll wind up producing another 10% of what the state stole from you just to try and get it back. Maybe in the end you'll get it back and maybe you won't. Odds are you won't. You fit the profile of a "drug courier" and they don't need ANYTHING to take whatever you have. Besides, all of that money has traces of cocaine on it. Be thankful they don't

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charge you with felony drug possession and then go after your house. Any number of federal alphabet soup agencies can do a "mail cover" on you on a mere "suspicion" of wrong doing, where they record the names and addresses of who you send and receive mail to/from. It doesn't take much more than that to fire up a "pen register" on you to record who calls you and who you call.

Pending legislation and technology is going to mean that a federal wiretap won't involve some agent sitting around in the basement of the telephone company drinking cold coffee and eating stale donuts while he listens to you talking to your wife. He's going to be able to sit at his comfy bureaucrat desk 500 miles away listening to you on the laptop that your tax dollars paid for. Ever notice that you don't have to push the "pound key" any more when you inquire about your bank balance? It isn't much of a stretch to figure out that the computer can listen to your conversation, pick up a "key word" and then flag your number for special attention. The British have been doing this for years, folks. When was the last time you heard about a Ninja squad kicking in the door of the wrong house on the word of some sniffing punk who can't remember his own name? After they destroyed your front door, stuck a shotgun in your wife's mouth, and inventoried your entire house, you'd be lucky to get an "ooooops" assuming they don't find something else to charge you with while you're chewing on the carpet. Lawsuits -- The only place these days where you'll see a sign ending with the words "...at your own risk" is a sign put up by the state. They have reserved this requirement for common sense for themselves. I don't care how utterly ridiculous a charge against you is, there will be an attorney that will try to take you to the cleaners. That is not to say that someone who has been legitimately injured shouldn't be able to collect. The problem is that the country has been trained to be a nation of whiners unable to accept responsibility for their own stupidity and the nation's courts and attorneys are all too happy to accommodate them. What about the legions of parasites who make a living faking injuries for the insurance claims? You've seen it a hundred times on television. Tap dancing cripples, ski bums collecting workers comp. I find it hard to get choked

up about a multinational insurance company having to pay but when your insurance rates double because a weasel decided to make you a target, that bothers me. It should bother you before it happens to you. Freedom -- Frankly, I don't think we have many freedoms left and we don't have much time to get what we've lost back before they're gone forever. I think it's possible to correct the situation, but not if you're broke or in jail. What's required to correct this sorry situation? Education and money - both of which the state and their cronies in the media are working overtime to deprive you of.

What can you do about it? -- What can you do about all of these problems? If you're going to effect any change, it means education. Whether that means running a web site devoted to your particular cause, starting a political action group to elect freedom minded politicians (there's an oxymoron for you), running newspaper ads (assuming you can get through the mainstream press' filter), mailing leaflets, donating to some group that's already doing what you would like to do but don't have the time, the bottom line is:

### **IT TAKES MONEY.**

Now, if you could have figured out how to make enough money to do all of that, you would have done it already. So where is that money going to come from? The answer is to deny Uncle Sam his "fix" legally. Learn how to do what the wealthy do with their money - use trusts, offshore trusts, charitable foundations, IBC'S, limited liability corporations, and the rest of the techniques that the wealthy use to keep more of their money. They don't seem to have a problem not pouring their wealth into the black hole called federal taxes. Why should you? They do it legally, you can to. You are not bound to pay one cent more in taxes than is legally required. Structure your affairs so that you don't. Take the money you would have paid in taxes and put it to work in your community educating people about how they can restore our liberties; put that money to work where it will do something USEFUL. If it's unjust lawsuits you're concerned about, think about how difficult it would be for someone to attack an asset of a trust that is based in a foreign country that doesn't recognize U.S. judgements. Lots o' luck, Charlie.

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Even if they got at one asset, you won't have all of your eggs in one basket - like you do now... think about it. Whether you talk to EW about how you can deal with issues or you find someone else, DO IT - time marches on. EW is one place you can learn how to do what the wealthy do with their money and assets.

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